

ORIGINAL

**Rural Network Services**  
**Response to ACC Second Set of Data Requ**  
CPNI Rules  
Docket No. RT-00000J-02-0066 (CPNI)



0000012873

STF 2.1 Is your company currently in compliance with A.R.S. Section 40-202  
(c)(5)? If not, why not?

**Response:** A.R.S. § 40-202(c)(5) confirms the authority of the Arizona Corporation Commission to adopt rules to protect the confidentiality of customer information, account information and related proprietary information, consistent with constitutional protections of commercial free speech. This statute does not impose any compliance obligations on the Company. However, the Company fully complies with the federal rules regarding the use and protection of CPNI as promulgated under Section 222 of the Telecommunications Act of 1996 and set forth in 47 C.F.R. §§ 64.2001 *et seq.* The Company believes that the federal rules are adequate to protect the privacy interests of consumers in Arizona.

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Arizona Corporation Commission  
**DOCKETED**

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STF 2.2      Is the Commission required to adopt rules consistent with A.R.S. Section 40-202 (c)(5)? If not, why not?

**Response:**      No. A.R.S. § 40-202(c)(5) confirms the authority of the Arizona Corporation Commission to adopt rules to protect the confidentiality of customer information, account information and related proprietary information, consistent with constitutional protections of commercial free speech. A.R.S. § 40-202(A) states in part that "[t]he commission may supervise and regulate every public service corporation in the state and do all things, whether specifically designated in this title or in addition thereto, necessary and convenient in the exercise of that power and jurisdiction." The language of A.R.S. § 40-202 is permissive and not mandatory with regard to rules for the protection of customer proprietary network information ("CPNI"). Thus, the Commission may adopt rules regarding the protection of CPNI, but it is not required to do so.

Federal protections regarding CPNI are codified in Section 222 of the Telecommunications Act of 1996 and the rules promulgated by the Federal Communications Commission thereunder (47 C.F.R. §§ 64.2001 *et seq.*). The Company believes that the now well-established federal rules provide sufficient consumer safeguards, and that the adoption of additional rules by this Commission would needlessly complicate compliance for the Company and create additional costs for the Company without providing additional benefits for consumers. However, if the Commission proceeds to adopt such rules, those rules should be consistent with the federal rules.

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STF 2.3      Should the Commission adopt rules that are consistent with A.R.S. Section 40-202(c)(5)? If not, why not?

**Response:**      No. The Company has not seen evidence that the privacy interests of Arizona consumers are being threatened, compromised or abused. The Company believes that the now well-established federal rules regarding the protection of CPNI are working well in Arizona to safeguard the privacy interests of consumers. The Company believes that the adoption of additional rules by this Commission would needlessly complicate compliance for the Company and create additional costs for the Company without providing additional benefits for consumers. Moreover, the Company believes that the adoption of the rules that have been proposed by Utilities Division Staff may run afoul of constitutional protections of commercial free speech. However, if the Commission proceeds to adopt CPNI rules, those rules should be consistent with the federal rules.

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STF 2.4      What is the significance of A.R.S. Section 40-202(c)(5) with regard to the release of CPNI in Arizona?

**Response:**      A.R.S. § 40-202(c)(5) confirms the authority of the Arizona Corporation Commission to adopt rules to protect the confidentiality of customer information, account information and related proprietary information, consistent with constitutional protections of commercial free speech.

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STF 2.5      Please provide a corporate organizational chart which shows all affiliates and your company's relationship to each.

**Response:**

Midvale Telephone Exchange, Inc
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Owners

Lane R. Williams (50%)  
Shirley Archer (50%)

Rural Network Services
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Owners

Karen Ellison (32%)  
John Stuart (29%)  
Lane Williams (29%)

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STF 2.6      Please indicate which of your affiliates provide communications-related services to the public.

**Response:**      Midvale Telephone provides basic telephone exchange services

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STF 2.7      Please indicate which of your affiliates provide non-communications-related services to the public.

**Response:**      Not applicable.

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STF 2.8        Please indicate if your company shares its CPNI with any alliliated companies providing communications-related services to the public. Please identify all such affiliates.

**Response:**    The Company does not currently have any local exchange customers in Arizona, however in other states uses CPNI in compliance with the federal rules regarding CPNI, as promulgated under Section 222 of the Telecommunications Act of 1996 and set forth in 47 C.F.R. §§ 64.2001 *et seq.* The Company's use of CPNI does not require approval under the federal rules.

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STF 2.9      Please indicate if your company shares its CPNI with any affiliated companies providing non-communications-related services to the public. Please identify all such affiliates.

**Response:**      The Company does not currently have any local exchange customers in Arizona, however in other states uses CPNI in compliance with the federal rules regarding CPNI, as promulgated under Section 222 of the Telecommunications Act of 1996 and set forth in 47 C.F.R. §§ 64.2001 *et seq.* The Company's use of CPNI does not require approval under the federal rules.

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STF 2.10      What customer approval mechanism does your company use for sharing its CPNI with affiliated companies providing communications-related services to the public?

**Response:**      The Company does not currently have any local exchange customers in Arizona, however in other states uses CPNI in compliance with the federal rules regarding CPNI, as promulgated under Section 222 of the Telecommunications Act of 1996 and set forth in 47 C.F.R. §§ 64.2001 *et seq.* The Company's use of CPNI does not require approval under the federal rules.

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STF 2.11      What customer approval mechanism does your company use for sharing CPNI with affiliated companies providing non-communications-related services to the public?

**Response:**      The Company does not currently have any local exchange customers in Arizona, however in other states uses CPNI in compliance with the federal rules regarding CPNI, as promulgated under Section 222 of the Telecommunications Act of 1996 and set forth in 47 C.F.R. §§ 64.2001 *et seq.* The Company's use of CPNI does not require approval under the federal rules.

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STF 2.12 Does your company share its CPNI with any third-parties: Please identify any third parties with whom your company shares its customer CPNI and identify the circumstances under which customer CONI is shared with such third parties.

**Response:** The Company does not share CPNI with any third parties.

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STF 2.13      Please provide a copy of all customer notices regarding CPNI sent to your customers in the last three years.

**Response:**      The Company has not sent any customer notices regarding CPNI in the last three years.

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STF 2.14      Please indicate whether your company has received any complaints regarding sharing of customer CPNI in the last three years. If yes, please describe number and type of complaints.

**Response:**      The Company is not aware of any complaints having been received regarding the sharing of customer CPNI in the last three years.

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STF 2.15 Do any of the third parties or affiliates identified in your responses to Questions 8, 9, 12 share the CPNI with other third parties and/or affiliates. If yes, under circumstances? If no, is there anything that would prevent them from sharing the information with other entities?

**Response:** No. Non-disclosure agreements executed by affiliates and third parties prevent the sharing of CPNI with other entities.

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STF 2.16 If the Commission's proposed rules allowed your company to include the CPNI notice with the customer's bill, would your company be willing to place a legend on the envelope indicating "IMPORTANT, CUSTOMER PRIVACY NOTICE AND ELECTION INCLUDED". Please provide an estimate of your costs of complying with this requirement versus a separate mailing.

**Response:** Not applicable.

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STF 2.17      What process does your company follow if a customer revokes his/her current privacy election. Please describe in detail.

**Response:**      Not applicable.

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STF 2.18      Assume that a customer takes cell phone, internet access and phone service from your company and its affiliates. Please describe in this situation the type of customer approval required under current FCC rules for sharing of CPNI.

**Response:**      The FCC has adopted a "total service approach" regarding the use of CPNI. The total service approach divides "telecommunications service" into three categories: local service, interexchange service and wireless service. Telecommunications providers need not obtain customer consent to use, disclose or share CPNI to market products within a particular category of service, as long as the customer already subscribes to that category of service. However, telecommunications providers are not allowed to use CPNI to market products in categories of service to which the customer does not subscribe without the customer's consent.

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STF 2.19      Please provide a reasonable estimate of what your costs of complying with the various sections of the proposed Second Draft Arizona rules would be? Please describe how your cost estimate was derived.

**Response:**      The Company is not able at this time to provide an estimate of what it might cost to comply with the various sections of the proposed Second Draft Arizona Rules regarding CPNI. There is no good way to predict the number of customers who might make an election or the frequency with which customers might change their elections. In addition, the Company believes that an opt-in approach or an opt-out approach with verification will be confusing and annoying to customers, which will certainly result in additional costs to the Company which are difficult to estimate. However, the Company believes that the costs of complying with Staff's proposed CPNI rules will be significant, without achieving any significant benefits for consumers.

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STF 2.20 Does your company currently undertake any verification of a customer's election to have his or her CPNI shared or not to have his or her CPNI shared. If yes, please describe in detail.

**Response:** No.

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STF 2.21      Would your company be more amenable to a verification requirement if it had the opportunity under the rules to request an extension of time from the Commission to complete verification upon good cause shown.

**Response:**      No. An "opt-out" approach which requires verification is substantially the same as an "opt-in" approach. Telecommunications providers must have the ability to market to existing customers without undue regulatory interference.

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STF 2.22      Has your company ever shared CPNI by mistake. If so, please describe in detail the circumstances of such disclosure and what was done to correct the mistake.

**Response:**      The Company does not have any knowledge that it has ever shared CPNI by mistake.

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STF 2.23      If your company discovered that it had shared a particular customer's CPNI by mistake what would your company's process be to correct this mistake. Please describe your processes in detail.

**Response:**      The Company carefully protects CPNI, and the inadvertent disclosure of CPNI has not been a problem. Thus, the Company has not developed a specific process to address the inadvertent disclosure of CPNI. However, if such an inadvertent disclosure were to occur, the Company would take all reasonable steps to retrieve the information disclosed.

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STF 2.24      Reference RUCO's comments on the Staff's Second Draft Rules, would your company be willing to send at least one notice describing a customers CPNI rights in writing to the customer each year.

**Response:**      The Company would be willing to send a written or electronic notice describing a customer's CPNI rights on an annual basis. The Company believes that such a notice requirement, if adopted, should be patterned after the notice distribution requirements contained in the Commission's slamming and cramming rules (Specifically, Rules R14-2-1908(C) and R14-2-2007(D)).

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STF 2.25      How does your company handle a customer's CPNI once they have left and gone with another provider?

**Response:**      The Company does not use a customer's CPNI once the customer has left and gone with another provider. The Company retains records in accordance with State and federal law.

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STF 2.26      Please indicate whether your customer CPNI notices are provided in different languages? If yes, which ones and how is this determined. Please attach a notice in a language other than English that your company has sent in the last 3 years.

**Response:**      The Company does not provide CPNI notices, nor has the Company provided such notices during the last three years. However, if the Commission requires that a CPNI notice be published in a language other than English, the Commission should follow the approach set forth in the Commission's slamming and cramming rules (Specifically, Rules R14-2-1905(C), R14-2-1908(C), R14-2-2005(C), and R14-2-2007(D)).

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STF 2.27      If your company currently has utilized the opt-out approval mechanism, what percentage of customers did not respond to the notice allowing your company to use their CPNI with affiliates providing communications-related services?

**Response:**      Not applicable.

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STF 2.28      If your company has utilized the opt-in approval mechanism, what percentage of customers responded to the notice allowing your company to use their CPNI with affiliates providing non-communications-related services?

**Response:**      Not applicable

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STF 2.29      Please indicate whether for Questions 27 and 28 above, the notice was imparted by oral, electronic or written means. Was there any follow-up with the customer?

**Response:**      Not applicable.

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STF 2.30      Please indicate the reasons that CPNI may be shared with affiliates and/or third parties?

**Response:**      There are many reasons why CPNI might be shared with an affiliate of a telecommunications provider or a third party. However, CPNI may only be used and shared in accordance with the provisions of Section 222 of the Telecommunications Act of 1996 and Title 47, Subpart U, of the Code of Federal Regulations (47 C.F.R. §§ 64.2001 *et seq.*).

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STF 2.31 For all affiliates and third parties identified in response to questions, 6,7, and 12, identify all legal enforceable limits or controls on affiliate's or third parties use or handling of CPNI.

**Response:** See the federal rules regarding the use of CPNI. (Section 222 of the Telecommunications Act of 1996, 47 C.F.R. §§ 64.2001 *et seq.*, and the FCC's orders regarding CPNI).

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STF 2.32      Please provide any and all evidence in your possession that customers understand the “opt-out” approval mechanism with respect to release of their CPNI.

**Response:**      Not applicable.

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STF 2.33      Please describe all customer educational activities on CPNI undertaken by your company in the last 3 years.

**Response:**      None.

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STF 2.34      Please provide any and all evidence in your possession that indicates that the decision to release CPNI is “knowing” for customers “opting-out”.

**Response:**      Not applicable.

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STF 2.35      Please describe how your company's ability to communicate with customers is adversely affected by a subsequent verification requirement.

**Response:**      Unsolicited advertisements and solicitations overload customers' mailboxes. Additional correspondence from the Company would likely confuse and alienate customers who are already bombarded with unwanted mail.

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STF 2.36      Please provide any customers surveys or studies your company has done pertaining to customers CPNI.

**Response:**      None.

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